

Message Text

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EXDIS

C O R R E C T E D C O P Y (T E X T)

FOR SISCO FROM MOYNIHAN

E. O. 11652: GDS
TAGS: ECON, IN
SUBJECT: AMBASSADOR'S CALL ON D. P. DHAR, MINISTER OF PLANNING,
JUNE 13, 1973

SUMMARY: DHAR IS A PRO- COMMUNIST WHOSE INFLUENCE VASTLY EXCEEDS HIS ABILITY. AS AN ECONOMIST I FOUND HIM LACKING, AS A PLANNER UNINFORMED. HIS PRINCIPAL GIFT IS THE PURITY OF HIS IDEOLOGY, AND IT LEADS HIM INTO TRAPS THAT BOTH THE SOVIETS AND THE CHINESE ARE PRESENTLY EXTRICATING THEMSELVES FROM -- NOTABLY THE ILLUSION THAT THEY REQUIRE NO ADDITIONAL RESOURCES FROM OUTSIDE. END SUMMARY.

1. DURGA P. DHAR IS, WITH THE DEATH OF KUMARAMANGALAM, THE CLOSEST TO A SERIOUS PRO- COMMUNIST INFLUENCE IN THE GANDHI CABINET. VIEWED FROM THE DIPLOMATIC GALLERY OF THE LOK SABHA, WHICH IS TO SAY FROM ABOVE AND BEHIND, HE HAS AN AIR OF CONSIDERABLE ELEGANCE. IT WAS HE, SURELY, AND NOT KUMARAMANGALAM WHO WENT ON FROM ETON TO BECOME THE FIRST INDIAN PRESIDENT OF THE CAMBRIDGE UNION. CLOSE UP AND FACE- TO- FACE IT COMES OUT QUITE DIFFERENTLY: KASHMIRI BRAIAMIN TO BE SURE, BUT WITH A DEGREE FROM BENARES. HE LOOKS AND ACTS RATHER LIKE A MAN WHO IS NOT QUITE CERTAIN WHETHER HIS RESEMBLANCE TO ROBERT MORELY ON BALANCE IEGOR IS NOT A GOOD THING.

2. TEJA OF THE MEA WAS ON HAND: THE FIRST OF MY MINISTERIAL CALLS
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TO WHICH THE FOREIGN OFFICE HAS SENT AN OBSERVER.

3. WE BEGIN BY DISCUSSING HIS RECENT PRESS CONFERENCE ON THE FIFTH FIVE YEAR PLAN, AND THE AVAILABILITY OF FOREIGN AID AND

RESOURCES. HE REPORTS THAT THEY HAD FIRST FIGURED ON HAVING 3 THOUSAND CRORES OF RUPEES (RS. 30 BILLION, OR ABOUT DOLS 4 BILLION), IN THE COURSE OF THE PERIOD, OF WHICH ROUGHLY TWO-THIRDS WOULD GO FOR BEBT SERVICE AND ONE- THIRD WOULD CONSITUTE NET ADDITIONAL AID. IT NOW APPEARED THAT DEBT SERVICE WOULD REQUIRE 2.5 THOUSAND CRORES AND THAT ANOTHER 300 MILLION RUPEES WOULD BE NEEDED FOR PRIVATE OUTFLOWS, SUCH AS ROYALTY PAYMENTS.

4. I RESPONDED THAT THIS WOULD MEAN THERE WOULD BE ALMOST NO NET AID DURING THIS PERIOD, THAT IN EFFECT THEIR GOAL OF ZERO NET AID BY THE END OF THE FIFTH PLAN WOULD BE " ACHIEVED" AT THE END OF THE FOURTH.

5. HE AGREED. I THEN SAID THAT IT FOLLOWED THAT ANY NET INFLOW OF RESOURCES, OTHER THAN THAT GAINED BY TRADE, WOULD COME FROM PRIVATE INVESTMENT. I ASKED IF THE FIFTH PLAN WOULD INDICATE HOW MUCH THE GOVERNMENT ANTICIPATED THIS FLOW WOULD BE. I EXPLAINED THAT I HAD FOUND AMERICAN BUSINESS INTERESTED IN INVESTMENT IN INDIA BUT WHOLLY UNCERTAIN AS TO WHAT THE INVESTMENT CLIMATE WAS OR WOULD BE. (I RECOUNTED MY FAREWELL LUNCHEON AT THE WORLD BANK, WITH EYEBROWS RAISED ALL ROUND WHEN I MENTIONED THE POSSIBILITY OF GREATER PRIVATE INVESTMENT IN INDIA. " PUT YOUR OWN MONEY THERE?" ONE WORLD PHILANTHROPOID RESPONDED, " GOOD GOD*") IF SUCH POTENTIAL INVESTORS WERE TO SEE THAT THE INDIAN GOVERNMENT WAS COUNTING ON A CERTAIN AMOUNT OF PRIVATE INVESTMENT, THEY MIGHT FEEL MORE SECURE. THE BASIC QUESTION THEY ASKED, AND INVESTORS IN ALL DEVELOPED NATIONS WITH WHICH I WAS IN CONTACT ASKED, IS " IS INVESTMENT SAFE?"

6. DHAR RESPONDED WITH SOME ASSURANCE THAT THE INVESTMENT CLIMATE IN INDIA OUGHT TO BE SEEN AS MOST HEALTHFUL. " WE HAVE NOT EXPROPRIATED ANYTHING," HE CONTINUED. " THE CLIMATE HERE, IN TERMS OF STABILITY, IN TERMS OF ORDERLY PAYMENTS AND SCRUPULOUS PRACTICES IS CONFIDENTIAL

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AS GOOD AS THAT OF ANY DEVELOPING NATION IN THE WORLD." I AGREED ON THAT SCORE, BUT SAID HE WASN' T SAYING MUCH. IN ANY EVENT, WHAT WE COULD SEE WAS NOT WHAT OTHERS SAW. WHAT ABOUT MY QUESTION? HE RESPONDED THAT IT WOULD BE MORE REALISTIC TO TALK ABOUT INVESTMENT IN SPECIFIC SECTORS. IF WE WERE TO IDENTIFY SPECIFIC NEEDS AND MEET THEM SUCCESSFULLY, WE COULD MOVE ON FROM THERE.

7. I EXPLAINED THAT I WAS TROUBLING HIM ON THIS MATTER BECAUSE I HOPED TO SEE GREATER ECONOMIC RELATIONS BETWEEN THE UNITED STATES AND INDIA, AND TO THE DEGREE THAT THIS INVOLVED INVESTMENT, SOMETHING OF A SQUEEZE WAS AT HAND. FIRST, OUR TRADE UNIONS -- AND I WAS A TRADE UNIONIST -- AND OTHER SIMILAR ORGANIZATIONS PYD BECOME QUITE DISENCHANTED

WITH AMERICAN OVERSEAS INVESTMENT, WHICH THEY INCREASINGLY VIEWED AS SHIPPING AMERICAN JOBS ABROAD. HE AND I MIGHT SUBSCRIBE TO MORE SOPHISTICATED VIEWS OF SUCH MATTERS, BUT THAT DID NOT CHANGE THE AMERICAN POLITICAL CLIMATE OF THE MOMENT. SECOND, THE SOVIETS WERE OBVIOUSLY MOST EAGER TO ATTRACT AMERICAN INVESTMENT AND TRADE AND I WAS SURE THAT CHAIRMAN BREZHNEV WOULD BE RAISING THESE MATTERS IN HIS FORTHCOMING CONVERSATIONS WITH PRESIDENT NIXON. THIRD, I SUSPECTED MANY AMERICAN BUSINESSMEN WERE BEGINNING TO THINK OF POSSIBILITIES OF INVESTMENT IN THE PEOPLE'S REPUBLIC OF CHINA, ESPECIALLY GIVEN THE PRESENT DIRECTION OF CHINESE-AMERICAN RELATIONSHIPS, AND CONSIDERING THE GREAT ECONOMIC SUCCESS OF TAIWAN, HONG KONG AND SINGAPORE WHERE AMERICAN BUSINESSMEN HAD HAD GREAT SUCCESS COLLABORATING WITH CHINESE PARTNERS.

8. PERHAPS I OVERDID. IN ANY EVENT, DHAR TURNED ON ME AND LET FORTH THE STANDARD LEFTIST PRONOUNCEMENT OF THE GANDHI GOVERNMENT. THE BASIC DISTORTION OF OUR ECONOMY, HE SAID, IS NOT THE LACK OF RESOURCES. IT IS THE LACK OF STABILITY AND PEACE.

9. I ASKED IF I COULD REPLY AS A PROFESSOR RATHER THAN AN AMBASSADOR. I SAW NO REASON TO COUNTENANCE FOOLISHNESS. I AGREED THAT STABILITY AND PEACE MIGHT BE A PRECONDITION OF ECONOMIC PROSPERITY FOR INDIA, ALTHOUGH I DID NOT KNOW THIS TO BE SELF-EVIDENT. BUT IN ANY EVENT THIS WAS ONLY A NECESSARY CONFIDENTIAL

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AND BY NO MEANS A SUFFICIENT CONDITION. THE UNITED STATES DID NOT HAVE SUFFICIENT RESOURCES. IF MR. DHAR BELIEVED THAT INDIA DID, HE MUST HAVE A SINGULAR VIEW OF ECONOMICS, BUT IT WAS OF COURSE HIS COUNTRY AND HIS PLAN, AND I WOULD REPORT HIS MAEWS.

10. WE PARTED FRIENDLY, SORT OF. MY LAST EXCHANGE WAS PROMPTED IN PART BY A PENT-UP EXASPERATION AT HEARING THIS POMPOUS IDIOCY PROPOUNDED BY PLUMP CIVIL SERVANTS AND CONGRESS WALLAHS; PARTLY BY A RATHER RAPIDLY ACQUIRED DISTASTE FOR DHAR. EARLY IN THE CONVERSATION I HAD ASKED HIM ABOUT THE ECONOMIC MODEL OF THE INDIAN ECONOMY WHICH HE USED FOR PLANNING. HIS ANSWERS HAD THAT PERFECT SELF-ASSURANCE OF THE MAN WHO KNOWS NOTHING WHATEVER OF HIS SUBJECT.

11. IF WE EVER AGAIN DECIDE TO CARE ABOUT INDIA (WHICH I RATHER DOUBT WE WILL DO), WE SHOULD THINK OF ITS GOVERNMENT AS DIVIDED AMONG MANY GROUPS, SOME OF WHICH ARE IMPLACABLE ENEMIES, OTHERS POTENTIAL ALLIES. I WOULD HAZARD THE RISK THAT THE UNITED STATES WOULD BE QUITE SATISFIED BY AN INDIA IN WHICH THE THINKING OF MEN SUCH

AS P. N. DHAR, THE PRIME MINISTER' S PRIVATE SECRETARY, WHO
IS ALSO A PROFESSIONAL ECONOMIST, GUIDED GOVERNMENT
POLICY. WE ARE NOW AND OUGHT TO BE DISSATISFIED WITH AN
INDIA GUIDED BY BULL- SHIT ARTISTS SUCH AS D. P. DHAR. BUT
HE IS SUCH A FOOL, AND IS BEING MADE SUCH A FOOL OF BY
EVENTS SUCH AS THE FAILURE OF THE FOODGRAIN TAKE OVER AT
ONE END OF THE SPECTRUM AND THE BREZHNEV- NIXON TALKS AT
THE OTHER, THAT IT WOULD SEEM NO GREAT THING TO CHEW HIM
UP AND SPIT HIM OUT IN BITS. ONE ALMOST WISHES WE WERE
GOING TO TRY.
SCHNEIDER

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